

EXECUTIVE SUMMARY

Recent History

- While experiencing some fluctuation during 2000, Utah's tourism industry weathered several external shocks to the industry and still generated increasing economic impacts for the State. Total traveler spending increased by 1.0% to \$4.25 billion in 2000. Total visitation fell for the first time in the past decade by 2.2% to 17.8 million. Travel-related employment increased by 1.7% to 121,500, an increase of 2,000 jobs over 1999.
- Some of the most important issues and trends impacting the travel industry are memories and experiences (rising expectations, a changing leisure mindset and diversification), technology (the Internet, empowered consumers and consolidation) and the changing face of tourists (mature travelers, minority groups and international travelers).
- Growth in employment and taxable sales in five key tourism sectors (transportation, eating & drinking, hotels, auto rentals and amusement & recreation) have outpaced statewide growth for most of the past decade, thus increasing the role of tourism in the Utah economy.
- After four consecutive years of decelerating growth rates, early estimates for 2000 indicate that growth rates may again be rising, although at slower rates than in the previous decade.

Industry Sectors

- The transportation sector has enjoyed double-digit growth rates in sales and employment for much of the past decade. Key indicators within the sector are mixed, with steady growth in vehicle traffic along the state's Interstates and declines in each of the last four years in airport passenger traffic.
- The eating and drinking sector is the largest component of Utah's tourist sector, accounting for \$1.8 billion in sales and over 63,500 jobs in 1999. Restaurants have performed consistently well over the past decade and have provided a significant contribution to county government tax coffers in the form of restaurant tax revenues that have grown to over \$20 million. The restaurant sector is more dependent on resident activity than others within the tourism industry.
- Rapid growth in the number of available hotel rooms has outpaced demand during the past several years and has caused occupancy rates to fall each year since 1994. Sales and transient room tax revenues have also been impacted by the lackluster performance of the sector, remaining largely unchanged for the last three years.
- The auto rentals sector employs relatively few people, but generates large amounts of economic activity. Sales growth in the sector has increased dramatically since 1994, rising at an annual average of 17% although sales declined in 1999 for the first time in a decade. A 1999 tax rate increase of 4% in some counties in 1999 caused tax revenues from the sector to increase significantly, approaching \$13 million.
- Over the past ten years, the amusement and recreation sector has grown increasingly important to the tourism industry. Growth within the sector has been significant, with sales averaging annual growth of over 14% and employment growing annually at over 7%.

Visitation Indicators

- Total skier days decreased for the first time in five years during the 1999-2000 season, likely impacted by marginal snow conditions and concerns over Y2K.
- Visitation to national parks, monuments and recreation areas and state parks in Utah decreased in 2000. The decrease marks the third time in four years that visitation has fallen in the national parks and the fourth consecutive year of declining visitation at state parks.
- Utah's top 25 tourist attractions as measured by visitation volume remained largely unchanged in 2000, boasting several national parks and recreation areas, state parks, amusement parks and heritage and culture attractions. Thanksgiving Point and the L.D.S. Museum of Church History and Art made appearances in 2000's top 25, replacing Jordanelle State Park and Rockport State Park.

Visitor Contacts

- The Internet continues to revolutionize the distribution of travel information with increasing access to a global audience. Average monthly visits to www.utah.com approached 200,000 in 2000, an increase of 17% over 1999 and over 460% above 1997 levels. The Internet also accounted for 30% of the requests for Utah Travel Guides.
- During 2000, nearly 62,000 requests for Utah information were received from across the U.S. and in 98 countries worldwide, reaching nearly every corner of the globe. The highest concentration of requests originated from Western and Midwestern states.
- Visitors to Utah Welcome Centers declined by -0.2% to 732,000 in 2000, marking the fourth time in five years that visitation to Utah Welcome Centers has declined.

Looking Ahead

- Millions of dollars are being invested in improving the state's transportation infrastructure, many of which focus on improvements along main corridors in the highly traveled Salt Lake metro area.
- Upgrading the visitor experience remains a high priority for destination attractions within the state. Among the many new or expanded attractions built or under construction during the past year are several hotels, Olympic facilities, resorts, conference centers, private attractions and golf resorts.
- General economic indicators illustrate some softening of the spending environment that could adversely impact travel. However, the local forecast is more optimistic due to Olympic preparations and publicity, significant capacity expansion and growth in Utah's core travel markets.